

Message Text

CONFIDENTIAL

PAGE 01 STATE 054703
ORIGIN EUR-12

INFO OCT-01 IO-13 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FEAE-00 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06
OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 SIG-01
MMO-01 /114 R

DRAFTED BY EUR/RPE:ADSENS:FF
APPROVED BY EUR/RPE:ACALBRECHT
FEA:MR. THOMPSON
EB/FSE:MR. RAICHT
ERDA:MR. VANDERRYN
RDA:MR. BENGELSDORF
OES:MR. PROCHNIK
T:MR. MCGAFFIGAN S/S;SEBASTIAN
TREASURY:MR. SAFIR
ACDA:RWILLIAMS
-----112011Z 129862 /42

P R 111933Z MAR 77
FM SECSTATE WASHDC
TO USMISSION EC BRUSSELS PRIORITY
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION OECD PARIS
USMISSION IAEA VIENNA

C O N F I D E N T I A L STATE 054703

E.O. 11652: GDS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 054703

TAGS: ENRG, EEC

SUBJECT: US/EC ENERGY CONSULTATIONS

REF: (A) STATE 35108; (B) EC BRUSSELS 1098

1. MORNING SESSION OF ALL DAY MEETING ADDRESSED EC AND US ENERGY POLICY DEVELOPMENTS, COAL POLICY AND IMPROVED ENERGY R&D.

A. EC ENERGY POLICY: DIRECTOR-GENERAL WILLIAMS REVIEWED EC POLICY DEVELOPMENTS NOTING THAT MAIN IMPACT OF COMMUNITY EFFORT MUST BE IN AREAS OF OIL REFINING AND MARKETING, NUCLEAR POWER DEVELOPMENT AND ENERGY CONSERVATION. HE STATED THAT COMMISSION SATISFIED THAT FOUNDATIONS NOW IN PLACE FOR TANGIBLE PROGRESS IN 1977 ON OIL SHARING (EMERGENCY ALLOCATION), COORDINATION OF ENERGY CONSERVATION EFFORTS (NEW EC ENERGY POLICY COMMITTEE), DOMESTIC ENERGY FINANCING (EURATOM LOANS AS FIRST STEP) AND ENHANCED COAL CONSUMPTION (INCLUDING PROHIBITION OF GAS AND OIL IN NEW POWER STATIONS, POSSIBLE SUBSIDIES FOR COAL POWER GENERATION, COAL GASIFICATION). WILLIAMS ACKNOWLEDGED WEAK POINTS OF EC POLICY TO BE CONTINUED HEAVY RELIANCE ON IMPORTED OIL, NUCLEAR POWER SLIPPAGE AND HIGH EC COAL INDUSTRY COSTS. HE CONFIRMED THAT EC ABOUT TO UNDERTAKE SERIES OF

NATIONAL POLICY REVIEWS. WILLIAMS STRESSED THAT MEANINGFUL EC REDUCTIONS IN OIL IMPORT DEPENDENCE ONLY POSSIBLE IF FURTHER SLIPPAGE IN NUCLEAR PROGRAMS CAN BE AVOIDED.

B. US ENERGY POLICY: U.S. TEAM DESCRIBED PROPOSED LEGISLATION CREATING NEW U.S. ENERGY DEPARTMENT (COPY POUCHES MISSION) AND OUTLINED IN VERY GENERAL TERMS ENERGY POLICY REVIEW NOW UNDERWAY, INCLUDING REPRIORITIZING AUTO STANDARDS, POSSIBLE ENERGY SAVINGS PROGRAMS FOR INDUSTRY WITH CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 054703

SPECIFIC INDUSTRY TARGETS AND GUIDELINES FOR THEIR ACHIEVEMENT, RESIDENTIAL SAVINGS (INSULATION PROGRAM) AND RE-SOURCE DEVELOPMENT IN AREAS OF COAL, POWER TRANSMISSION, ACCELERATION OF STOCKPILING EFFORTS. U.S. EMPHASIZED THAT APRIL 20 ENERGY POLICY STATEMENT WOULD OUTLINE PROGRAMS AND THAT SPECIFIC IMPLEMENTING MEASURES POSSIBLY WOULD NOT BE IN PLACE FOR SEVERAL MONTHS. EC ASKED ABOUT COOPERATION IN REFINING AREA GIVEN EC EXCESS CAPACITY; US NOTED AVAILABILITY OF CARIBBEAN CAPACITY BUT AGREED TO EXPLORE POSSIBLE TRADE-OFFS AFTER RECEIPT OF EC IDEAS.

C. COAL STOCKPILING: US IN COURSE OF DISCUSSION NOTED THAT INCREASED UTILIZATION OF COAL COULD MAKE A SIGNIFICANT CONTRIBUTION TO REDUCED IMPORT DEPENDENCE WITHIN IEA, BUT WOULD REQUIRE A SUBSTANTIAL INCREASE IN VOLUME OF INTRA-OECD STEAM COAL TRADE. WHILE COAL STOCKPILE WOULD BE USEFUL TO GUARD AGAINST PRODUCTION SHORTFALLS AND LOGISTICAL PROBLEMS AND THUS ASSURE SUPPLY SECURITY, DEVELOPMENT OF COAL TRADE ALSO IMPORTANT. POTENTIAL FOR

INCREASED STEAM COAL PRODUCTION IS CLEAR, ALTHOUGH EXACT MAGNITUDE CANNOT BE ESTIMATED. ENVIRONMENTAL AND TRANSPORTATION PROBLEMS WILL BE MAJOR CONSTRAINTS. U.S. COAL EXPORTS TO EUROPE AND JAPAN, AND AUSTRALIAN COAL EXPORTS TO EUROPE AND JAPAN, SEEN AS PRIMARY TRADE ROUTES. U.S. GOVERNMENT HAS EXPRESSED ITS WILLINGNESS TO CONSIDER IMPROVED MEANS OF ACCESS TO U.S. COAL RESOURCES AND IS INTERESTED IN CLOSE CONSULTATIONS WITH OTHER IEA COUNTRIES ON THESE ISSUES.

D. IMPROVED R&D: EC(SCHUSTER) PROPOSED FURTHER US/EC EFFORTS IN AREAS OF COAL CONVERSION, PARTICULARLY GASIFICATION; FUSION WITH ATTENTION TO INTENSE NEUTRON SOURCES; FISSION; NEW ENERGY SOURCES SUCH AS SOLAR AND GEOTHERMAL; ENERGY SYSTEMS MODELLING; AND POSSIBLE US/EC CONFERENCE ON STATE OF ART IN ENERGY CONSERVATION. IN RESPONSE, US NOTED BILATERAL COLABORATION ON SYSTEM MODELLING DESIRABLE, CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 054703

PROVIDED IT UNDERSTOOD THAT IEA APPROPRIATE FORUM FOR STRATEGY DEVELOPMENT. IN US VIEW COAL CONVERSION BEST ADDRESSED IN IEA WHERE PROGRAM CURRENTLY IN DEVELOPMENT. FISSION ISSUES -- PARTICULARLY WASTE MANAGEMENT -- STRONG

CANDIDATE FOR FURTHER MULTILATERAL EFFORTS (SEE US FUEL CYCLE EVALUATION PROPOSAL BELOW). US NOT PERSUADED NEED FOR STATE OF ART CONFERENCE ON CONSERVATION GIVEN DIFUSE AND MANY FACETED NATURE OF SUBJECT; WE RECOGNIZE, HOWEVER, THAT THERE MAY BE SOME AREAS WHERE INTERCHANGE OF IDEAS CAN BE ACCELERATED. THERE WAS GENERAL AGREEMENT THAT IEA SHOULD BE MAIN FOCUS OF R&D COOPERATION, THAT ADDITIONAL EMPHASIS SHOULD BE GIVEN TO PILOT PROJECTS, AND THAT COAL CONVERSION AND GASIFICATION AND NUCLEAR WASTE DISPOSAL COULD BE APPROPRIATE LARGE PROJECTS FOR IEA CONSIDERATION. EC RAISED DESIRABILITY OF PERMANENT EXCHANGE BETWEEN US AND EC ON ENERGY STRATEGY. US SUGGESTED AND EC AGREED THAT IT WOULD BE SUFFICIENT TO INSURE THAT ENERGY ITEM APPEARED ON REGULAR US/EC BILATERAL AGENDA.

2. DURING AFTERNOON SESSION DISCUSSION CENTERED ON NON-PROLIFERATION POLICY, SAFEGUARDS ISSUES, JOINT COOPERATION.

A. NON PROLIFERATION: EC OPENED BY SAYING COMMUNITY ASSUMES ALL COUNTRIES RESPONSIBLE FOR HELPING AVOID PROLIFERATION RISKS; IT CONCERNED RUMORED EMERGING US POLICY APPEARS TO INCLUDE ELEMENTS OF DISCRIMINATION BETWEEN WEAPONS STATES AND NON-WEAPONS STATES AND ECONOMIC DISCRIMINATION. THEY STRESSED THAT A STRONG US POLICY FAVORING DISCRIMINATION COULD THREATEN EC FOUNDATIONS. WILLIAMS SUGGESTED STRONG REACTION LIKELY BY EC NNWS IF US SHOULD

PRESS SUCH A POLICY. US RESPONDED THAT THINKING NOT COMPLETE BUT THAT REPROCESSING IN PARTICULAR NEEDS CRITICAL REVIEW; COMPARISON OF ALTERNATIVE STRATEGIES ESSENTIAL BEFORE AN IRREVOCABLE COMMITMENT MADE TO PLUTONIUM CYCLE. WE SEE POSSIBLE ALTERNATIVES AS INCLUDING INTERNATIONAL
CONFIDENTIAL

CONFIDENTIAL

PAGE 05 STATE 054703

FUEL ASSURANCES, EMPHASIS ON SPENT FUEL STORAGE AND RE-EXAMINATION OF REACTOR MODES. SUCH AN EVALUATION SHOULD BE MULTINATIONAL AND COMPREHENSIVE BUT NOT, IN RESPONSE EC QUERY, EITHER PREJUDGE OUTCOME OR TAKE INDEFINITE PERIOD TO COMPLETE. FORUM FOR EVALUATION NOT YET CLEAR BUT SHOULD INCLUDE RECIPIENTS AND SUPPLIERS. EC ARGUED STRONGLY FOR REPROCESSING, INCLUDING NEED FOR PLUTONIUM AS FUEL AND PROBLEMS OF SPENT FUEL MANAGEMENT. EC PRESSED HARD FOR NO DELAY IN DEVELOPMENT OF THTR WHICH SEEN AS KEY ELEMENT IN HTGR PROGRAM.

B. EURATOM MECHANISM: EC REQUESTED US EMPHASIZE EURATOM ROLE IN NUCLEAR MATTERS GIVEN COMMUNITY COMPETENCE IN THIS AREA. US (NYE)NOTED US COMMITMENT TO EC WHICH CONTINUES TO BE KEY ELEMENT OF US FOREIGN POLICY. NYE AGREED US WILL SEEK FORMULAS TO AVOID DAMAGE TO EC STRUCTURE AS WE IMPLEMENT NON-PROLIFERATION POLICY, BUT NOTED THAT DEGREE TO

WHICH US DEALS WITH EC INSTITUTIONS LARGELY DEPENDENT ON MEMBER STATE DECISIONS. EC URGED THAT US NOT TAKE FINAL DECISIONS ON MATTERS OF IMPORTANCE TO EURATOM WITHOUT OPPORTUNITY FOR TALKS.

C. EC/IAEA SAFEGUARDS: EC MADE STRONG PITCH FOR PRESERVING INDEPENDENCE OF EURATOM INSPECTION PROCEDURES, NOTING RETAINING IAEA/EURATOM PARTNERSHIP ARRANGEMENT KEY TO CONTINUED VIABILITY OF EC INSPECTION CORPS WHICH IN TURN IS IMPORTANT ELEMENT OF EURATOM STRUCTURE. WILLIAMS ARGUED THAT IAEA HAD UPPED ANTE IN DEVELOPING FACILITY ATTACHMENTS THAT TENDED TO UNDULY DUPLICATE EURATOM SYSTEM. US RESPONDED WE STRONGLY SUPPORT UMBRELLA AGREEMENT PROVISIONS, INCLUDING REQUIREMENT THAT IAEA INDEPENDENTLY INSPECT AND VERIFY SAFEGUARDS APPLICATION. US CONFIRMED IT IMPORTANT THAT NEW EC/IAEA RELATIONSHIP MAINTAIN PRINCIPLE THAT SUCH RIGHTS ESSENTIAL TO EFFECTIVE SAFEGUARD SYSTEM WORLDWIDE. US IN THIS RESPECT EXPECTS TO MAXIMIZE
CONFIDENTIAL

CONFIDENTIAL

PAGE 06 STATE 054703

IAEA ROLE UNDER US VOLUNTARY OFFER.

D. COOPERATIVE EFFORTS: EC PROPOSED POLICY LEVEL FORUM FOR DISCUSSION OF SAFEGUARDS AND RELATED SUBJECTS. US AGREED CONSIDER EC DESIRE FOR CLOSER CONSULTATION AND SUGGESTED POSSIBILITY OF EXPANDING REGULAR US/EC SEMIANNUAL CONSULTATIONS TO INCLUDE SUCH ISSUES. EC AGREED US/EC TALKS COULD BE AN ACCEPTABLE FORUM FOR EXCHANGES ENVISIONED. IT WAS AGREED THAT THERE NO NEED TO REINSTATE FORMER US/EC JOINT TECHNICAL WORKING GROUP.

3. ATMOSPHERE THROUGHOUT TALKS WAS OPEN AND FRIENDLY. GROUNDWORK FOR VISIT BY EC COMMISSIONER BRUNNER NEXT WEEK APPEARS WELL ESTABLISHED. ITINERARY FOR BRUNNER VISIT NOW FIRM AS FOLLOWS: 3/17 - NYE, T/D (3:30 P.M.); ROWDEN, NRC (5:00 P.M.); DINNER HOSTED BY AMBASSADOR SPAAK; 3/18 O'LEARY, FEA (9:30 A.M.); SCHLESINGER, WHITE HOUSE (10:30 A.M.); SIEVERING, ERDA (11:45 A.M.); LUNCH HOSTED BY UNDER SECRETARY COOPER (1:00 P.M.); 2:30 DEPARTURE FOR NEW YORK.

VANCE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, NEGOTIATIONS, RELATIONS WITH REGIONAL ORGS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 11-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE054703
Document Source: CORE
Document Unique ID: 00
Drafter: ADSENS:FF
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770084-1172
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770367/aaaachiv.tel
Line Count: 246
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4fa724b9-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 STATE 35108, 77 EC BRUSSELS 1098
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3131288
Secure: OPEN
Status: NATIVE
Subject: US/EC ENERGY CONSULTATIONS
TAGS: ENRG, US, EEC
To: EC BRUSSELS
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/4fa724b9-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009